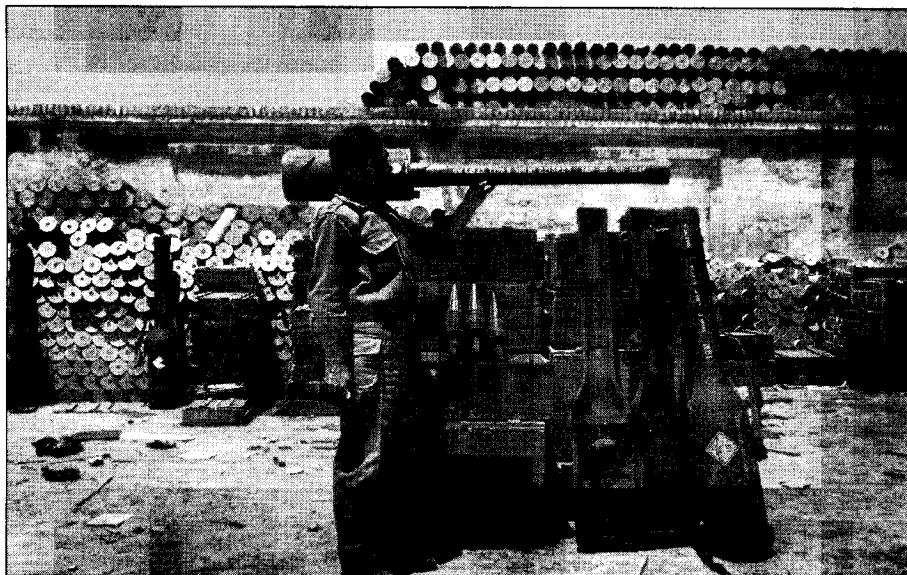


THE COVERT ARMS TRADE



The second-oldest profession

The covert arms trade may be worth \$2 billion in a lean year, \$10 billion in a fat one. Selling high-calibre weapons to killers with cash is a nasty business, but it is probably also an unstoppable one

IN THE summer of 1993, 150 tons of weapons, including automatic rifles, mortars, rocket-launchers, landmines and ammunition, mostly of Chinese and Czech origin, were discovered, apparently abandoned, in a warehouse at Maribor in Slovenia. Intended for Bosnia's Muslim militias, the weapons were probably bought either by Iran or by unnamed Arab interests using European middlemen, and shipped to Maribor via Khartoum, in Sudan, on East European aircraft. There they got stuck, possibly for want of heavy-lift helicopters. It was a small but fatal blockage in one of the many secret tributaries of the illegal weapons pipeline that, last year, in defiance of a United Nations arms embargo, pumped perhaps \$2 billion-worth of weapons into former Yugoslavia, 80-90% of which went to Bosnia's Muslims.

The Maribor hoard gave a mere glimpse of the scale, sophistication and sheer audacity of the covert trade in conventional weapons. (The term "covert" is used here to describe illegal arms deals done by individuals or companies that break or bend embargoes or official export rules; and also

weapons transfers done by, for or with the connivance of governments that prefer to keep their part in such activities secret.) "Gun running", as the trade is known among the swashbuckling set, may not be quite the world's oldest profession, but it has periodically helped shape the course of history since antiquity. It is doing so again.

Most spectacularly, the covert (as well as the "open") trade in increasingly sophisticated conventional weapons, ranging from tanks and aircraft to missile parts, married to the gradual spread of technologies for making nuclear, chemical and biological weapons, is producing what an American academic, Michael Klare, calls "deadly convergence"*: the emergence of third-world powers, such as Iraq before the Gulf war, North Korea now, and perhaps some day Iran or Syria, that are acquiring the capacity to conduct, or at least threaten, military operations on a scale once reserved to the United States or the former Soviet Union

*"Deadly Convergence: The Perils of the Arms Trade", by Michael Klare, in *World Policy Journal*, Vol VI, No 1, winter 1988-89

and a handful of allies.

More prosaically, the clandestine arms trade around the globe is helping to put high-calibre weapons in the hands of terrorists (those on both sides of the Northern Ireland conflict, for example), drugs traffickers and the ordinary foot-soldiers of the world's many shooting wars.

That said, the weapons that do the most killing are not the fancy fighter aircraft, nor yet the missiles which for the most part are bought to impress the neighbours (the Iran-Iraq war's "battle of the cities", and Iraq's missile attacks on Israel during the Gulf war, being notable exceptions). The terrorising of Sarajevo, as the market-place carnage on February 5th demonstrated so bloodily, has been done mostly by the humble mortar, fired from nearby hills or from one suburb to the next.

Indeed, of the 30 or so major conflicts listed by the Stockholm International Peace Research Institute (SIPRI) in its 1993 yearbook, only a handful were being fought with anything more than light weapons. These are the easiest to move around illegally or secretly in large quantity. The weapons used in today's low-intensity (though often high-casualty) wars and insurgencies, from Bosnia and Azerbaijan to Angola or Kashmir, often depend on technologies developed in the second world war or earlier. Private dealers report that some of the weapons finding their way to tomorrow's battles may have done service in anything up to half-a-dozen earlier conflicts along the way.

Estimating the size of the trade in covert arms—everything from rifles to rockets—is by definition a tricky business. Guesses range from \$1 billion-2 billion for the average year's skulduggery (mostly by governments that do not want their neighbours to know what weapons they are buying or selling), to \$5 billion-10 billion if there is a good war or two to drive demand. Complementing that, SIPRI estimates that \$18.5 billion was spent worldwide in 1992 on more official imports of the bigger conventional weapons such as tanks, artillery or aircraft, down from a 1987 peak of \$46.5 billion. Like the overt weapons trade, the covert sort has its lean and fat years. But recently, clandestine sales have been holding up nicely.

Some of the old proxy wars have wound down—Cambodia and Afghanistan for example, give or take a battle or two between warlords. But the collapse of the Soviet Union and the old superpower-led world order has put plenty of new business the gun runners' way. From former Yugoslavia, through the Caucasus to Central Asia, ethnic and clan conflicts have sucked in weap-

ons from all over the world. International embargoes imposed in an effort to contain fighting rarely stop the supply of weapons. Instead they raise prices anything up to 20-fold, and the profits of arms dealers too. The war in Bosnia has been a typically lucrative venture in that regard. It has also provided a study in just how easy it is for weapons traders to get around international restrictions.

In September 1991 the United Nations imposed an embargo on arms supplies to all parts of former Yugoslavia (separate economic sanctions also apply to Serbia and Montenegro). Between November 1992 and November 1993, naval vessels from NATO and the Western European Union challenged 20,040 merchant ships in the Adriatic. Of these, 1,464 were boarded; 307 were diverted for detailed searches, but only ten were found to be breaking sanctions and only a couple to be carrying arms (though others carrying arms had been stopped before they reached the Adriatic).

Yet weapons have been entering former Yugoslavia from all directions. Serbia had the least need for imports, since it inherited most of the former Yugoslav army's weapons and weapons factories. All the same, it has imported some weapons, thought to include anti-aircraft missiles, with the help of Russian middlemen.

The Croats have relied on illegal channels, operating through Hungary, Austria and Slovenia, for much of what they cannot make themselves. They seem to have been able to get their hands on plenty of equipment pilfered from stocks around Eastern Europe, but also from ex-Soviet sources in Germany and from the stocks that once belonged to the East German army. There have also been attempts to acquire American-made Stinger anti-aircraft missiles, which rebels used against Soviet forces with devastating effect during the war in Afghanistan.

A good business proposition

Although hemmed in on all sides, and with few weapons to begin with, for much of last year the Muslim-led Bosnian government also managed to get its hands on increasing supplies of light weapons, including surplus stocks from Lebanon's old civil war. These and others have been paid for chiefly by Iran, but also by other Muslim countries in the Middle East and Asia. Until fighting between the Muslim and Croat militias escalated in the late summer of 1993, most weapons destined for the Muslim forces slipped in under the UN's nose either through the Croatian port of Split or through Zagreb airport and then overland into Bosnia. Since the Croats started to choke off those supplies, the weapons have had to come via more circuitous routes, in-

cluding through Albania and Macedonia.

Whatever the final route to their destination, the sources of the arms are diverse and familiar. Chinese-made weapons have been traced moving via Bolivia into Bosnia and Croatia. Russian officials were alerted to one transaction when they received documents from Bolivia ordering eight T-72 battle tanks: these would have cost some \$220m, whereas Bolivia has an annual military budget of little more than \$120m.

But even the smaller sorts of weapons may come in impressive quantity. Last year it was disclosed that an official at the Panamanian consulate in Spain had attempted to arrange shipment of more than \$20m-worth of guns and ammunition to Bosnia from the Czech Republic and Austria, using false papers giving Panama as the destination. Some weapons have come from America, not least a steady supply of small arms bought over the counter in retail gun shops (also a prime source of supply for narcotics organisations in

South America and for criminal organisations in Europe and Asia). The methods used by ex-Yugoslavia's middlemen in these deals follow a traditional pattern. There has long been a brisk black market in bogus end-user certificates, the documents needed by arms exporters when they apply for an export licence. An end-user certificate is issued by a purchasing country to affirm that it is the final destination for the weapons. The bogus document may be a complete fake, or else a genuine document issued with the connivance of government officials to disguise the real destination of a shipment.

Then there is plain bribery and theft from government or factory stocks. In 1985 the United States Department of Defence admitted that at least \$1 billion-worth of arms and equipment was being lost or stolen from military stocks each year. If that is true of America, what might the figure be today for similar losses from ex-Soviet army stocks? Neither Russia nor the countries of Eastern Europe and Central Asia have properly functioning controls on weapons stockpiles. Nor do they yet have the capacity to police arms exports effectively. There have been stories of Russian troops leaving Germany and Eastern Europe offering to sell everything from AK-47s to tanks and combat helicopters. Russian troops sent to keep the peace in trouble-spots around Russia's rim have sometimes done likewise.

Big and otherwise reputable arms companies can be drawn unwittingly into this clandestine network. Once weapons have been shipped through more than one country, it is hard for customs officials to keep track of them. Some countries are more de-

liberately tolerant of the trade than others. Hong Kong and Singapore are reckoned to be easy trans-shipment points in Asia; Brazil and Bolivia lead the way in Latin America; Jordan, Lebanon and Cyprus serve the same role in the Middle East; Bulgaria used to be one of the main routes for weapons into Africa and the Middle East.

But some of the most spectacular illegal deals are pulled off by networks of little-known companies. North Korea's air force is equipped with 87 American-made Hughes helicopters, despite the fact that North Korea and the United States have been technically at war since the 1950s. During the early 1980s, a trading company in America shipped the helicopters secretly to North Korea via Japan and Europe without the manufacturer's knowledge. The final shipment of 15 went from California to Antwerp and Rotterdam, then on to North Korea aboard a Soviet merchant ship that was supposed to be sailing for Hong Kong.

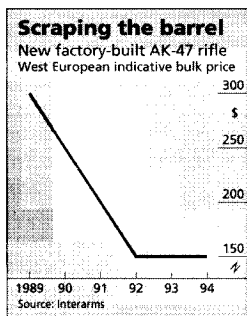
Tricks of the trade

A much more extensive and complex network of trading companies was used by Iraq to assemble the parts for its famous "supergun" project, and to acquire the industrial equipment needed to build up its clandestine nuclear weapons programme. (The worldwide trade in weapons-making and "dual-use" equipment is also huge.)

Iran, during its war against Iraq in the 1980s, managed to acquire some \$10m-worth of equipment and spares for its American-built F-14 fighter aircraft direct from a single source—United States naval stocks. The parts were stolen to order by American navy supply personnel based in San Diego, using federal parts numbers supplied by an Iranian businessman operating in London. The scale of the theft was such that over the following months some of the American navy's own F-14 missions had to be scratched for lack of replacement navigation equipment and computers.

Detailed combing through government records[†] has since shown that this was just one of many ways in which Iran obtained large quantities of spares, ammunition and support equipment from the United States—even assisted at times by American officials for reasons discussed below. Iran also exploited the existence of numerous co-production deals that American weapons manufacturers had entered into over the years. Parts that could not easily be stolen or bribed out of America direct might be had in the same way from, say, Japan or South Korea—or might simply be copied illegally by companies elsewhere.

Yet the biggest regular suppliers of weapons to the covert arms trade are not freelance



[†]"Political Implications of Illegal Arms Exports from the United States", by Ed Laurance, *Political Science Quarterly*, Vol 107, No 3, 1992

ing private arms dealers, but governments themselves. The main motive is cash. Last year, Ukraine sold Iran supersonic, sea-skimming cruise missiles that greatly increased the danger to western shipping in the Gulf. Iran had bought its first diesel-powered submarines from Russia the year before. Both seller-countries desperately needed the hard currency that weapons command. So far, their sales seem to be limited solely by lack of familiarity with the trade's marketing networks. Other governments are more practised but just as coy.

Doing and being done by

Attention has focused recently on the increasing danger posed by covert sales of missiles. Constrained by a relatively modest official defence budget, China's armed forces have long supplemented their funds by covertly selling all sorts of weapons abroad, either directly or through nominally independent companies run by military officials or their relatives. In the 1980s, when Iran was attacking western shipping in the Gulf using Chinese-made Silkworm missiles, China denied all knowledge of the shipments, blaming them on North Korea—at least until the American secretary of state, George Shultz, turned up in Beijing with satellite photographs showing the missiles being shipped via North Korea, but from Chinese ports on Chinese ships. China has also sold other, longer-range missiles to Saudi Arabia, Pakistan and Syria, ignoring repeated American protests.

North Korea is counted among the world's "rogue" suppliers on its own account, both for its exports of missiles (mostly upgraded versions of original Russian designs), especially to Iran and Syria, and for its clandestine nuclear activities. Similarly, until the project collapsed in the face of technical and financial difficulties, Argentina, Egypt and Iraq had been collaborating secretly on a missile, the Condor, which if built would no doubt also have been exported.

But one of the most spectacular covert arms operations was America's sale of weapons to Iran (ostensibly an arch-enemy) in the mid-1980s, in an attempt to win the release of American hostages. Among the sales were parts for American Hawk missiles. Though not strictly illegal, the operation caused more than political problems—at one point wiping out 15 types of spare parts in America itself and seriously depleting others. The funds received were used in defiance of Congress to buy arms for contra rebels in Nicaragua. In its efforts to arm the contras, the American government also solicited funds from Israel, Saudi Arabia, South Korea, Taiwan and Brunei. It bought weapons from Nicaragua's neighbours, but also from Israel, South Africa and others. Not surprisingly, perhaps, some of these weapons were sold on by the contras to the

region's drug barons.

Indeed, when it comes to government involvement in covert arms trafficking, adversity makes strange bedfellows. America and Russia spent billions of dollars during the cold-war years on military aid and weapons for third-world governments and rebel armies. From Angola and Ethiopia to Nicaragua and Cambodia, they vied in a global competition for influence and advantage. But the greatest effort, on both sides, went into the war in Afghanistan between Soviet military forces and Afghan rebels opposed to the Soviet-backed government in Kabul.

Aid to Afghanistan's rebels made this the largest and costliest American covert operation since the Vietnam war. One study[†] estimates that, by 1987, some 65,000 tons of weapons were being transferred each year to Afghanistan via Pakistan, including many Chinese weapons. That year the Afghan resistance also took delivery of its first Stingers, an American-supplied, shoulder-held, surface-to-air missile. There was little accounting for the weapons delivered. Perhaps no more than two-thirds of all weapons reached their intended destination, with the rest siphoned off at loading and unloading points along the way. The region is still thick with caches of arms left over from the Afghan war.

America's aid to the Afghan rebels, and particularly its supplies of Stinger missiles, which took a heavy toll of Soviet helicopters, helped persuade Mikhail Gorbachev that the occupation of Afghanistan was too costly to sustain, militarily and politically. In that respect, the mission was a success for America. But supplying weapons on that scale and of that degree of sophistication also had its drawbacks. In 1988, America disclosed that Iran's Revolutionary Guards had obtained at least 12 of the Stinger missiles originally supplied to the Afghans. The American government has since been trying hard to find and buy back the other missiles, with little success. Indeed, no one knows how many of these missiles (or others of British or Soviet design) survived the war.

The fate of the Afghanistan Stingers highlights one of the problems posed by the weapons trade, both covert and public: the near-impossibility of controlling how weapons, once supplied, are subsequently used. That problem

takes on added military significance as demand increases for more sophisticated weapons, and as some weapons dealers and some governments are increasingly inclined to supply them.

A number of arms-control regimes have been set up in an effort to limit the trade in the most sophisticated and destabilising weapons—the Missile Technology Control Regime, for example, and the discussions among America, Russia, Britain, France and China (the five permanent members of the UN Security Council) on transfers of conventional weapons. But such controls can be evaded by countries that are capable of building the weapons and want to do so. Israel has in the past helped China and South Africa with missile development; Saudi Arabia has assisted the arms industries of Iraq and Syria. There are plenty of other examples. Even when governments genuinely want to throttle the clandestine trade, and implement tough export controls, the leakage of weapons continues.

So long as regional tensions encourage neighbours to arm against each other, the demand for more and deadlier weapons will continue. And so long as the money is there in large enough quantities, ways will always be found around the restrictions that responsible governments attempt to put on the export of arms. Driving the trade underground does little to interrupt it.



Coming soon to a theatre near you

[†]"The Diffusion of Small Arms and Light Weapons in Pakistan and Northern India", by Chris Smith, in *London Defence Studies* No 20, 1993